

AR32



bombardier limited / annual report 1970-71

On our cover

The wonderful world of snow and the world of Bombardier are closely related, as shown by our Bombardier Limited trademark in the snow on our cover. The snowmobile has been a social and economic boon to snowbelt winters and its development traces to Bombardier's leadership. Our company also has products for other than snow and winter. But Bombardier Limited grew from a small company to one of the largest Canadian-owned manufacturers because of its expertise in and affinity for the wonderful world of snow . . . the world of Bombardier.

Table of contents

1	President's report
4	Corporate directory
6	Financial statements
12	The world of Bombardier

Copie française sur demande au
Secrétariat, Bombardier Limitée,
Valcourt, Québec, Canada.

Registrar, transfer agent and dividend disbursing agent

Montreal Trust Company
Halifax, Quebec, Montreal, Toronto,
Winnipeg, Calgary and Vancouver.

Stock exchange listings

Montreal, Toronto.

Ski-Doo, Sea-Doo, J-5, SW, Muskeg,
Skidozer, Moto-Ski, and others are
trademarks of Bombardier Limited
or subsidiaries.

All rights reserved
©Bombardier Limited, 1971

Financial highlights

	Fiscal year ended January 31, 1971	Fiscal year ended January 31, 1970
Net sales	\$164,924,863	\$141,784,229
Net earnings	16,008,873	16,822,274
Additions to fixed assets, net of disposals	13,813,399	10,463,466
Taxes on income	22,030,999	19,642,435
Depreciation of fixed assets and amortization of patents	6,978,203	3,832,618
Net earnings per common share	\$1.01	\$1.12
Number of common shares outstanding	15,900,000	15,000,000
Shareholders of record	5,593	5,397
Dividends per class "A" common share	\$0.60	\$0.50
Dividends per class "B" common share	\$0.10	\$0.10
Working capital	\$ 20,975,477	\$ 14,775,108
Net book value of fixed assets	29,922,044	16,775,552

IMITEE

BENEFICES

(fin d'année)

AR32

Six mois terminés
le 31 juillet

1971 1970
(en milliers de dollars)

	\$ 42,551	\$ 40,060
tion	35,788	31,673
ets		
terme....	2,943	2,533
.....	371	—
.....	1,872	1,359
	40,974	35,565
	510	882
	40,464	34,683
on des		
naires	2,087	5,377
s la	(21)	—
.....	1,238	3,269
.....	870	2,108
cours		
.....	380	—
.....	\$ 1,250	\$ 2,108
.....		
.....	5.4¢	13.2¢
.....	7.8¢	13.2¢

INTERIM REPORT



FOR THE NINE MONTHS ENDED
JULY 31, 1971

le 14 septembre 1971

ix mois terminés le 31 juillet 1971 ont
augmentation sur celles de la même pé-
60,000. Il faut toutefois noter que les
e et sa filiale Distribution MS (1971)
r West, Inc. et Walker Manufacturing
dans l'exercice terminé le 31 juillet
port émis à la même date l'an dernier.

pour les mêmes six mois totalisent
aient à \$2,108,000. Cette baisse, que
mestre, est en majeure partie attribu-
nité et de sa filiale et à la réorganisa-
ution dans l'ouest des Etats-Unis.

ar le gouvernement américain concer-
llar, le gel des salaires et des prix et
ur les importations n'affecteront pas
mpagnie aux Etats-Unis. Bombardier y
totale de motoneiges. Toutefois, ces
e 10%, car ils y entrent en franchise
sur les véhicules-moteurs. Seuls les
de la division vêtements et certains
nt visés par cette surtaxe.

nts que les mesures adoptées par le
effet de stimuler l'économie de ce
re nos ventes de produits finis et de
mplications défavorables de ces me-

dividende au montant de \$0.15 par ac-
ent rapport intérimaire.

Au nom du Conseil d'Administration,

Laurent Beaudoin, C.A.,
Président et Directeur général

Ventes nettes

Coût des ventes, frais de vente et d'admin

Amortissement des immobilisations, des
et des frais de financement de la dette à

Intérêts sur la dette à long terme

Autres dépenses

Revenus de placements et autres

Bénéfice avant impôts sur le revenu, partici- actionnaires minoritaires et postes extra

Participation des actionnaires minoritaires
perte nette de filiales

Impôts sur le revenu

Bénéfice net avant postes extraordinaires

Revenu de transaction effectuée en dehors
ordinaire des affaires et profit sur vente
d'immobilisations et de placements

Bénéfice net

Bénéfice par action de classe A et de clas

Avant postes extraordinaires

Bénéfice net

president's report to shareholders

Bombardier Limited attained a new corporate high of \$164,924,863 in net sales during the fiscal year ended January 31, 1971, compared with the previous high of \$141,784,229 in fiscal 1970.

Net earnings for the 1971 fiscal year were \$16,008,873 or \$1.01 per share, equal to 9.7 percent of net sales, but were down from the \$16,822,274 or \$1.12 per share, which was 11.9 percent of net sales, the previous year. Approximately 7.5 cents per share, or \$1,197,230, of the decrease in net earnings was a result of freeing of the Canadian dollar.

Fiscal 1971 earnings before income taxes, depreciation, and special items were \$45,219,988, compared with the \$40,297,327 of a year earlier.

A primary factor preventing Bombardier sales from reaching greater heights, and affecting earnings as well, was the prolonged weakness of the North American economy. This condition precipitated a leveling of new snowmobile sales as winter progressed. As a result, sales to distributors, profits from company-owned distributors,

and profits from subsidiaries or divisions supplying Ski-Doo components and replacement parts all were lower than anticipated.

Also having an effect on profits were higher selling costs in the more competitive market and the costs of integrating new acquisitions into company operations. The latter included Bombardier-Rotax G.m.b.H., Wels, Austria, maker of Rotax two-cycle engines for Ski-Doo snowmobiles, and Jarry Precision Ltd., Montreal, Quebec, which produces parts, and a company established during the year with 51 percent Bombardier ownership, Drummond Automatic Plating Inc., Drummondville, Quebec. Drummond does chrome and zinc plating of Ski-Doo components fabricated at our Valcourt, Quebec, plant.

Bombardier ownership of Walker Manufacturing Company Ltd. and Ski-Doo Sports Ltd., apparel produc-

tion and marketing subsidiaries, was increased to 90 percent during the fiscal year and substantial investments in new equipment and processes were made at all of our companies to help attain future cost economies and product improvements.

It is significant that, even with a decrease in earnings, Bombardier profits as a percent of sales continue to be high. We are confident that, as we attain the full benefits of the vertical integration and expansion program of the past two years, Bombardier will be in a better position to reach new sales and profit potentials.

These potentials center in the snowmobile market, in which Bombardier still is the unchallenged leader. The leveling of snowmobile sales slowed the industry's growth to some 17 percent the past year. Compared with recent annual rises of 50 percent and more, that represented a substantial adjustment and caused season-end inventory for many dealers, distributors, and manufacturers.

We have faith, however, in the future of the snowmobile industry and in our ability to maintain Bombardier's No. 1

Laurent Beaudoin (right), president and chief executive officer of Bombardier Limited, is proclaimed an honorary Laplander by "King" Allalarouka, leader of the Laps, at Rovaniemi, Finland.



position. Production and marketing programs for the 1971-72 season have been carefully adapted to the more competitive market.

The percent of Ski-Doo snowmobiles among the industry's estimated season-end inventory was well below Ski-Doo's percent share of market. The bulk of our own company inventories at 1971 fiscal yearend, \$28,801,716 out of \$35,729,087, were in raw materials and products in process for new 1972 model production and in replacement parts for snowmobiles in service.

Acquisition of important suppliers the past two years increased Bombardier's direct control over Ski-Doo snowmobile components to more than 85 percent. This means that basic raw material and in-process inventories will continue to be higher than our historic levels. But we expect to attain increasingly closer inventory control of both in-process and finished work as we further integrate new operations and further refine sales projections through a greatly-expanded market research program.

Bombardier's leading position in the snowmobile market was further enhanced in March when the company acquired the net assets of Moto-Ski snowmobile operations and the Quebec and Maritime Moto-Ski distributors, M-S Distribution Ltd. and St. Hyacinthe Sports Inc., from Industries Bouchard Inc., for a cash consideration of \$6,135,000.

Moto-Ski snowmobiles were the third largest selling brand in the past year. The new acquisition has been established as Moto-Ski Limited, located at La Pocatière, Quebec. Moto-Ski Limited will continue to produce and market Moto-Ski snowmobiles through its own separate facilities and sales organizations of 1,200 dealers across North America.

Despite the sales leveling which has occurred, we expect the snowmobile

business to continue strong for Bombardier, buoyed by several important market factors:

1. Independent researchers report that, with the continued trend toward good incomes and more leisure time, recreational spending in the United States alone will soar 97 percent in the 1970s.
2. Thirty-four percent of the families who bought Ski-Doo snowmobiles the past year already had at least one snowmobile. The trend toward family ownership of second, third, even fourth snowmobiles is expected to continue to grow.
3. Snowmobile replacement purchases start coming into play after a machine is about four years old. Some 70,000 purchasers of Ski-Doo snowmobiles and 12,000 persons who bought Moto-

4. Progress is being made on safety, environment, and legislation problems and we are confident they will not have a negative effect on the industry.

Bombardier, the industry association, and government are making substantial investments of time and money to encourage safe, correct environmental use of snowmobiles and to develop more areas in which machines can be used.

Bombardier has built a Ski-Doo dealer network of about 2,500 across North America and has developed a strong combination of independent and company-owned distributorships to work with these dealers. Latest move to strengthen this sales organization is unification of Western United States distributorships into Bombardier West, Inc., headquartered at Idaho Falls, Idaho.



New automatic sewing equipment is improving production rates and stitching quality of Ski-Doo snowmobile suits at Walker Manufacturing Company plant, Montreal.

Ski snowmobiles in the 1967-68 season should be good prospects the coming season. For future replacement sales outlook, there were 113,000 Ski-Doo and 17,500 Moto-Ski snowmobiles sold three years ago, 181,000 Ski-Doo and 32,000 Moto-Ski snowmobiles sold two years ago. With aggressive marketing and product leadership, these Bombardier divisions also can expect to sell machines to many persons who bought other brands in earlier years.

We expect Bombardier West, of which Bombardier owns 80 percent, to provide more efficient service in all ways for our Ski-Doo dealers and customers and better profit potentials for our company.

The 1971-72 Ski-Doo marketing program provides more aid to distributors



Bombardier's new Skidozer SV-250, grooming a ski hill at Park City, Utah, won machine design award at National Ski Areas Association slope maintenance convention in Winter Park, Colorado, in January.

and dealers in all phases of their operations. The Ski-Doo Division market research department, in combination with independent research organizations, is undertaking extensive continuing studies not only of the snowmobile market but of other types of leisure products.

Approximately 30 percent of our Ski-Doo dealers now generate two-thirds of their gross sales and profits from Bombardier products and our goal is to greatly increase both percentages. We are doing this through a more varied line of snowmobiles and snowmobile-related products and through techniques to extend the snowmobile selling season. We also are continuing our search for a warm-weather product with mass sales appeal.

Test marketing has begun on a series of three off-road trail bikes through company-owned distributorships in Quebec, Ontario, Southern New England, and Western United States areas. The trail bikes are made for Bombardier by an established motorcycle producer, Agrati-Garelli of Milan, Italy.

The Sea-Doo aqua scooter, introduced three years ago, was an exciting concept for warm weather but

proved to have a narrower sales potential than expected. Our engineers are working on further technical improvements toward the possibility of resort rental or other applications.

The Industrial Division, which previously was devoted to custom-built off-road vehicles, now is developing a new generation of snow, marsh, sand, and tundra machines whose design and applications offer possibilities for greater sales volume in the years ahead. Typical is the Bombardier Skidozer series of snow vehicles for ski hill and snowmobile trail grooming. New Bombardier SW snowplow designs have broadened its use to airports and shopping centers. Several other Bombardier tracked vehicles have been adapted to the lucrative mowing market, to replace the use of chemicals in utility, highway, and railroad control of weeds and brush. Recent expansion and improvement programs have provided Bombardier

manufacturing subsidiaries and affiliates with the capacity for outside sales growth. We are organizing to help them market their specialties, which include plastics, fiberglass, rubber, upholstery and seating, two-cycle engines, precision parts, and electroplating.

Subject to the approval of the appropriate government authorities, Bombardier expects to make a public debenture offering in the near future to bring working capital to a stronger level and to retire some short-term debt undertaken for inventory financing. Acquisitions of the past fiscal year, as well as the purchase of Moto-Ski assets since yearend, were undertaken as cash transactions to avoid equity dilution.



Inspecting Rotax engine at Wels (Austria) plant with Bombardier President Laurent Beaudoin (center) are Helmut Rothe (right), general manager, and Karl Pötzlberger (left), assistant general manager, of Bombardier-Rotax G.m.b.H.

We have continued to strengthen our management team the past year with new assignments and with additional people from outside, including some from acquired companies. We are grateful to everyone in our company and distributor-dealer organizations for their cooperation the past year. Their continued support and assistance will help Bombardier attain further growth in the years ahead.

Sincerely,

Laurent Beaudoin, C.A.
President and Chief Executive Officer

board of directors and management

Board of directors

Laurent Beaudoin,
Valcourt, Quebec.

André Bombardier,
Valcourt, Quebec.

John N. Cole,
Westmount, Quebec.

Jean-Louis Fontaine,
Valcourt, Quebec.

Jean-Paul Gagnon,
Quebec, Quebec.

Charles Leblanc,
Sherbrooke, Quebec.

Corporate management

* Laurent Beaudoin, C.A.,
President and Chief Executive Officer

* Charles Leblanc, Q.C.,
Executive Vice-President
and Secretary.

* André Bombardier, M. Com.,
Vice-President Research and
Development, Ski-Doo Division.

* Jean-Louis Fontaine, Eng.,
Vice-President Production,
Ski-Doo Division.

* Jean-Paul Gagnon, C.A.,
President, Moto-Ski Limited.

John W. Hethrington, M.B.A.,
Vice-President Marketing,
Ski-Doo Division.

Bernard Crevier, B.A.,
Vice-President,
Human Resources.

Pierre Poitras, C.A.,
Vice-President,
Finance.

Michel Cloutier, M.B.A.,
Assistant to the President,
Corporate Planning.

Réal R. Perras, C.A.,
Assistant Vice-President,
Administration.

Jean-Louis Faucher, C.A.,
Administrative Delegate,
Manufacturing Subsidiaries.

* Member of Executive Committee.

The Bombardier world is growing with expansion to European facilities and marketing of Bombardier products in other parts of the world as well. Members of the Bombardier Limited board of directors include (foreground) Laurent Beaudoin; (middle row, left to right) Jean-Paul Gagnon, André Bombardier, Charles Leblanc; (back row, left to right) John N. Cole, Jean-Louis Fontaine.



Management of divisions subsidiaries and affiliated companies



Marvin Walker, President
and General Manager,
Walker Manufacturing Co. Ltd.,
Ski-Doo Sports Ltd.,
Montreal, Quebec.

André Morin, M. Com.,
Vice-President Marketing,
Ski-Doo Sports Ltd.,
Montreal, Quebec.

Jean-Paul Gagnon, C.A., President,
Jean-Yves Bélanger, General Manager,
Moto-Ski Limited,
La Pocatière, Quebec.

Normand Carpentier, B.A.,
General Manager,
Industrial Division,
Bombardier Limited,
Valcourt, Quebec.

Helmut Rothe, General Manager,
Bombardier-Rotax G.m.b.H.,
Wels, Austria.

Fernand Bédard, General Manager,
Rockland Industries Ltd.,
Kingsbury, Quebec.

Gérard Deslauriers, C.A., General Manager,
LaSalle Plastics Inc.,
Richmond, Quebec.

Roger L'Espérance, General Manager,
Roski Limited,
Roxton Falls, Quebec.

Léo Vadeboncoeur, General Manager,
Jarry Precision Ltd.,
Ville de Laval, Quebec.

Raymond Paquette, General Manager,
Drummond Automatic Plating Inc.,
Drummondville, Quebec.

Pierre Cloutier, General Manager,
Bombardier (Quebec) Ltd.,
Ville d'Anjou, Quebec.

William J. Jackson, General Manager,
Bombardier (Ontario) Ltd.,
Barrie, Ontario.

C. René Bourassa, General Manager,
Bombardier East, Inc.,
Lee, Massachusetts, U.S.A.

Monte Wight, President,
Bombardier West, Inc.,
Idaho Falls, Idaho, U.S.A.

Gaston-Guy Pelletier, General Manager,
M-S Distribution (1971) Ltd.,
Montreal, Quebec.

Gérard Paris, President and
General Manager,
Ville-Marie Upholstering Ltd.,
Beauport, Quebec.

John Staver, President,
Performance Products Inc.,
Virginia, Minnesota, U.S.A.

consolidated statements of earnings and of retained earnings

Year ended January 31, 1971 with comparative figures for 1970

Statement of earnings

	1971	1970
Net Sales	\$164,924,863	\$141,784,229
Cost of Sales	93,001,335	85,251,659
Selling and Administrative Expenses	25,062,117	16,123,469
Depreciation of Fixed Assets and Amortization of Patents	6,978,203	3,832,618
Interest on Long-Term Debt	154,336	—
Other Expenses	2,642,301	890,927
	127,838,292	106,098,673
Investment and Other Income	1,155,214	779,153
	126,683,078	105,319,520
Earnings before Taxes on Income, Minority Shareholders' Interest and Extraordinary Items	38,241,785	36,464,709
Taxes on Income	22,030,999	19,642,435
Minority Shareholders' Interest	82,913	—
Net Earnings before Extraordinary Items	16,127,873	16,822,274
Exchange Loss on conversion of foreign subsidiaries' accounts into Canadian dollars	(458,269)	—
Profit on Sales of Fixed Assets and Investments	339,269	—
Net Earnings	\$ 16,008,873	\$ 16,822,274
Net Earnings per Common Share	\$ 1.007	\$ 1.121*

* On the basis of 15,000,000 shares, being the number of shares outstanding before the issue of 900,000 shares under date of January 20, 1970.

Statement of retained earnings

	1971	1970
Balance at Beginning of Year	\$ 40,208,373	\$ 25,798,599
Company's proportion in the retained earnings of 50% owned companies upon acquisition date of a controlling interest	539,264	—
Net Earnings	16,008,873	\$ 16,822,274
Contributed Surplus	500,000	—
	57,256,510	42,620,873
Dividends		
Common Shares (Note 10)	3,040,000	2,412,500
Preferred Shares of a Subsidiary company	127,470	—
Balance at End of Year	\$ 54,089,040	\$ 40,208,373

consolidated statement of source and application of working capital

Year ended January 31, 1971 with comparative figures for 1970

Source of funds

	1971	1970
Net Earnings	\$ 16,008,873	\$ 16,822,274
Minority Shareholders' Interest in subsidiaries' earnings	82,913	—
Depreciation of Fixed Assets and Amortization of Patents	6,978,203	3,832,618
Net Increase in Long-Term Debt	1,656,905	155,078
Government Grant	500,000	—
Increase in the provision for Severance Pay and Pension Costs	157,617	—
Issue of Capital Stock	—	18,000,000
Minority Shareholders' Subscription in the capital stock of a subsidiary company	15,000	—
Notes payable	—	5,577,000
Working Capital of a non-consolidated Subsidiary as at January 31, 1970	6,993,075	—
Working Capital of new subsidiaries upon acquisition date of a controlling interest	1,096,339	—
	<u>33,488,925</u>	<u>44,386,970</u>

Application of funds

Additions to Fixed Assets, net of disposals	13,813,399	10,463,466
Purchases of Investments	169,398	31,045,811
Purchase of Consolidated Subsidiaries' Shares	4,367,009	—
Increase (Decrease) in Mortgages and other Non-current Receivables	194,280	(10,009)
Notes payable	5,577,000	—
Dividends	3,167,470	2,412,500
	<u>27,288,556</u>	<u>43,911,768</u>
Increase in Working Capital	6,200,369	475,202
Working Capital at Beginning of Year	14,775,108	14,299,906
Working Capital at End of Year	<u>\$ 20,975,477</u>	<u>\$ 14,775,108</u>

consolidated balance sheet as at January 31, 1971

(with comparative figures for 1970)

Assets

	1971	1970
CURRENT ASSETS		
Cash	\$ 7,221,891	\$ 7,764,675
Accounts Receivable	10,820,702	5,457,390
Inventories (Note 2)	35,729,087	13,891,779
Prepaid Expenses	691,258	816,666
Special Refundable Tax	—	109,224
	<u>54,462,938</u>	<u>28,039,734</u>
INVESTMENTS		
In 50% owned companies (Note 3)	251,250	544,250
In other companies (Note 4)	81,115	—
In a non-consolidated subsidiary	—	31,034,456
Marketable Securities at cost (Market value: 1971 — \$630,288; 1970 — \$222,230)	331,138	242,855
Mortgages and other Non-current Receivables (Note 5)	306,690	112,410
	<u>970,193</u>	<u>31,933,971</u>
FIXED ASSETS		
Land, Buildings, Equipment, Aircraft and Miscellaneous, less Accumulated Depreciation (Note 6)	29,922,044	16,775,552
OTHER ASSETS		
Patents, less Accumulated Amortization (Note 7)	434,198	496,753
Excess of Cost of Shares of Subsidiary Companies over book value of net assets, at dates of acquisition (Note 8)	25,376,203	—
	<u>25,810,401</u>	<u>496,753</u>
	<u>\$111,165,576</u>	<u>\$ 77,246,010</u>

On behalf of the Board

Laurent Beaudoin, C.A.

Jean-Paul Gagnon, C.A.

Liabilities

	1971	1970
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 12,909,725	\$ 5,307,297
Due to a non-consolidated subsidiary	—	1,136,367
Bank Loans (Note 9)	14,968,974	—
Taxes on Income	3,915,990	6,458,462
Dividends payable (Note 10)	435,000	362,500
Long-Term Debt due within one year (Note 11)	1,257,772	—
	33,487,461	13,264,626
NOTES PAYABLE	—	5,577,000
LONG-TERM DEBT (Note 11)	2,811,147	155,078
PROVISION FOR SEVERANCE PAY AND PENSION COSTS	440,612	—
MINORITY SHAREHOLDERS' INTEREST IN SUBSIDIARY COMPANIES (Note 12)	2,296,383	—

Shareholders' equity

CAPITAL STOCK (Note 13)	18,040,933	18,040,933
RETAINED EARNINGS	54,089,040	40,208,373
	72,129,973	58,249,306
	\$111,165,576	\$ 77,246,010

notes to consolidated financial statements

for the year ended January 31, 1971

1. Basis of consolidation

The consolidated financial statements include the accounts of the Company and all its subsidiaries.

The accounts of foreign subsidiaries have been converted to Canadian dollars as follows:

- Current Assets and Current Liabilities, at exchange rates in effect as at January 31, 1971;
- Fixed Assets, Investments, Long-Term Debt and other Non-current Liabilities, at historical rates of exchange;
- Accumulated Depreciation or Amortization, on the basis of the equivalent Canadian dollar cost of the related fixed assets;
- Revenue and Expenditure accounts, except depreciation or amortization, at the average rates of exchange of the control period.

The related exchange loss is shown on Consolidated Statement of Earnings.

The consolidated financial statements as at January 31, 1970 did not include the accounts of the Austrian subsidiary Bombardier-Rotax G.m.b.H. (Lohnerwerke G.m.b.H. and its subsidiary Rotax-Werk AG., merged in March 1970).

2. Inventories

Inventories are valued at the lower of cost or net realizable value and consist of the following:

Raw materials	\$14,298,491
Products in process	2,956,531
Finished products —	
Vehicles	\$ 5,436,684
Parts	11,546,694
Others	1,490,687
	<u>\$35,729,087</u>

3. Investments in 50% owned companies

These investments are valued at cost. Following is a list of said investments and their book value according to the last respective balance sheet for the financial year ended during the financial year of the Company:

	Cost	Book value
Ville-Marie Upholstering Ltd., 50 Preferred shares of \$10 each, 5% non-cumulative	\$ 500	\$ 500
50 Common shares of \$10 each	240,000	424,665
Doug's Inc., 500 Common shares without nominal or par value	10,750	11,275
	<u>\$ 251,250</u>	<u>\$ 436,440</u>

The Company's proportion of the aggregate profits of those companies earned since the acquisition of a 50% interest in their share capital amounts to: 1969 — (\$8,187); 1970 — \$116,382; 1971 — \$136,159. These amounts have not been included in the Consolidated Statement of Earnings.

4. Investments in shares of other companies

These shares are valued at cost and have a book value of \$68,293.

5. Mortgages and non-current receivables

This amount is made-up as follows:

Mortgages receivable	\$ 76,013
Grant receivable	100,000
Notes receivable	130,677
	<u>\$ 306,690</u>

6. Fixed Assets

Fixed assets are valued at cost and the accumulated depreciation is equal to the capital cost allowance claimed for income tax purposes.

	Cost	Accumulated depreciation	Net book value
Land	\$ 1,947,416		\$ 1,947,416
Buildings	15,559,317	\$ 2,826,385	12,732,932
Equipment	29,399,942	15,565,284	13,834,658
Aircraft	2,332,287	1,687,188	645,099
Others	1,082,966	321,027	761,939
	<u>\$50,321,928</u>	<u>\$20,399,884</u>	<u>\$29,922,044</u>

7. Patents

Patents are valued at cost and the amortization thereon is included in the Consolidated Statement of Earnings under "Depreciation". Each patent is amortized according to its lifetime.

Cost	\$ 755,000
Accumulated amortization —	
January 31, 1970	\$ 258,247
Year ended January 31, 1971	62,555
January 31, 1971	320,802
Book value	<u>\$ 434,198</u>

8. Excess of cost of shares of subsidiary companies over book value of net assets, at dates of acquisition

The excess of cost of shares of subsidiary companies acquired prior to January 31, 1969 over the book value of their net assets, at dates of acquisition, has been written-off against Consolidated Retained Earnings as at January 31, 1969. Such write-off amounted to \$627,744.

The Company has not yet adopted its final policy with respect to the amortization of the excess of cost of shares of subsidiary companies acquired during the 1970 and 1971 financial years. Accordingly, no amortization has been charged to the Consolidated Statement of Earnings during the 1970 and 1971 financial years.

9. Bank loans

The bank loans of the Company and some of its subsidiaries are secured as follows:

General assignment of book debts	\$ 8,273,981
General assignment of stocks	23,363,804
Floating charge on the assets of a subsidiary company	483,891

10. Dividends

During the year, the Company has declared four 15¢ dividends on its class A Common Shares. Three of them were paid during the year and the last one is payable March 15, 1971. The Company has also paid a dividend of 10¢ on each of its Class B Common Shares on December 22, 1970.

11. Long-term debt

Bombardier Limited —

9% Mortgage, refundable by monthly instalments of \$20,127 each, maturing in 1980. Secured by fixed assets having a book value of \$1,864,855	\$ 1,583,247
Non-interest bearing Notes, payable \$268,600 February 1, 1971 and \$134,300 February 1, 1972 and 1973	537,200
6% Notes, payable \$685,000 December 15, 1971 and \$680,000 December 15, 1972	1,365,000
Non-interest bearing Note, with undetermined maturity date	23,594

Bombardier-Rotax G.m.b.H. — Debt amortizable over a seven-year period	18,741
Jarry Precision Ltd. — 7% Mortgage, refundable by annual instalments of \$5,000, maturing in 1976	60,500
11% Loan, secured by a first mortgage bond covering machinery and equipment, refundable by monthly instalments of \$10,833 each, maturing in 1974	390,000
Account payable on purchase of machinery, secured by a pledge of the related assets, refundable by monthly instalments of \$1,286 each, maturing in 1972	23,151
Monte's Bombardier, Inc. — Contracts requiring monthly payments of \$2,925 U.S., secured by equipment, maturing in 1974	56,126
Contract payable to a former stockholder for purchase of treasury shares	11,360
	<u>4,068,919</u>
Amount due within one year	<u>1,257,772</u>
	<u>\$ 2,811,147</u>

12. Minority shareholders' interest in subsidiary companies

Preferred Shares — Jarry Precision Ltd., 20,111 Preferred Shares with a par value of \$100 each, 7% non-cumulative, redeemable at \$100 (Note 15d)	\$ 2,011,100
Ski-Doo Sports Ltd., 30 Preferred Shares with a par value of \$100 each 6% non-cumulative, redeemable at \$100	3,000
Walker Manufacturing Co. Ltd., 3,600 Preferred Shares with a par value of \$1 each, 6% non-cumulative, redeemable at \$1	<u>3,600</u>
	<u>2,017,700</u>
Common Shares and Retained Earnings	<u>278,683</u>
	<u>\$ 2,296,383</u>

13. Capital stock

The capital stock of the Company is as follows:

<i>Authorized —</i> 25,000,000 Class A Common Shares, without nominal or par value	
13,000,000 Class B Common Shares, without nominal or par value	
<i>Issued and fully paid —</i> 2,900,000 Class A Common Shares	\$18,005,458
13,000,000 Class B Common Shares	<u>35,475</u>
	<u>\$18,040,933</u>

Each of the outstanding Class B Common Shares is convertible, at the option of the holder, into one Class A Common Share and 13,000,000 Class A Common Shares have been reserved for such purpose.

Auditors' report

To the Shareholders of Bombardier Limited:
We have examined the consolidated balance sheet of Bombardier Limited and its subsidiaries as at January 31, 1971 and the consolidated statements of earnings, retained earnings and source and application of working capital for the year then ended. Our examination of the financial statements of Bombardier Limited and its subsidiaries of which we are auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

14. Remuneration of directors and senior officers

The aggregate direct remuneration paid by the Company to its directors and senior officers during the year ended January 31, 1971 was as follows:

	Number	Remuneration
Directors	7	\$ 2,900
Senior officers	12	469,685
Directors who are also Senior officers	6	

No remuneration was paid to those persons by the subsidiaries. The corresponding remuneration for the year ended January 31, 1970 was \$432,932.

15. Contingent liabilities and commitments

- The Company is guaranteeing the bank loan of Ville-Marie Upholstering Ltd. to the extent of \$250,000. The bank loan of that company was \$10,000 as at January 31, 1971.
- The Company and its subsidiaries have leases of real property and equipment for varying terms up to a maximum of five years. Total rental expense for the year ended January 31, 1971 aggregated \$288,284 and minimum yearly rentals for the next five years will be: 1972 — \$304,285; 1973 — \$282,856; 1974 — \$239,176; 1975 — \$23,785; 1976 — \$10,105.
- Unrecorded capital commitments in respect of buildings under construction and equipment on order amounted to approximately \$3,400,000 as at January 31, 1971.
- The Company has entered into a covenant with the minority shareholders of its subsidiary Jarry Precision Ltd. for the redemption of their 20,111 preferred shares at a price equal to 83% of the par value of said shares. Such covenant required a cash outlay of \$313,000 on February 1, 1971 and will require the following future disbursements: February 1, 1972 — \$406,500; February 1, 1973 — \$406,500; February 1, 1974 — \$543,318.
- i) The Company has been sued in a U.S. District Court, by a Pennsylvania company, which alleges that Bombardier Limited knowingly and wilfully induced an Italian company to break its contract with it for the exclusive distribution of mini-bikes in North America. The suit asks damages in an unspecified amount, plus \$500,000 U.S. in "punitive" damages. The Company has challenged the jurisdiction of the Court, believes the claim to be without merit and, if necessary, will defend the suit.
- ii) The Company has also been sued in a local Court of San Jose, California by its former distributor for California and Nevada, which alleges that the Company's failure to renew its distributorship contract on March 31, 1969, was a breach of that contract and also violated the American antitrust law. The suit claims damages in the amount of \$522,000 U.S., plus an additional \$100,000 U.S. which could be trebled under the antitrust law. The Company believes the claim to be without merit and is defending the suit.

16. Subsequent transaction

Under date of March 6, 1971, the Company has entered into an agreement concerning the purchase of some net assets (assets and liabilities) from Industries Bouchard Inc., M-S Distribution Ltd. and St. Hyacinthe Sports Inc., for a total consideration of \$6,135,000 payable as follows:

Cash amount payable and paid on March 6, 1971	\$ 3,000,000
Additional cash amount payable on Closing date or March 23, 1971, whichever date is earlier	3,135,000

In our opinion, based upon our examination and the reports of such other auditors, these financial statements present fairly the financial position of the Company and its subsidiaries as at January 31, 1971, the results of their operations and the source and application of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Bélanger, Dallaire, Gagnon & Associés
Chartered Accountants
Quebec, Canada

March 12, 1971.



the world of bombardier

Through the decades, from horse and wagon to iron horse, automobile and airplane, people have traversed nature's wonderlands, enjoying majestic mountains, towering forests abundant with wildlife, vivid blue lakes and streams laden with fish.

In many world sectors, year-'round temperate climates place no season on such enjoyment. But in the snowbelts, winter's first heavy snowfall puts a new mantle of beauty on the great outdoors . . . and traditionally limited man's enjoyment of nature's varied seasonal wonders.

Traditionally, but no more! Over the past dozen years, the snowmobile has opened, for all, the whiteclad beauty of the wonderful world of snow . . . the world of Bombardier.

The small one-and two-passenger snowmobile which opened winter was perfected and introduced in mass production by Joseph-Armand Bombardier, founder of Bombardier Limited, which as Bombardier Snowmobile Limited made and sold 225 Ski-Doo snowmobiles in the winter of 1959-60.

Those first machines were used primarily in the province of Quebec and in Canada's north by trappers, game wardens, doctors, and others in a utilitarian way, in some cases as replacements for dogsleds.

From that beginning, the personal-type snowmobile has mushroomed to more than 1½-million machines in use in the North American snowbelt and parts of Scandinavia and Europe the past snow season. About half of these are Ski-Doo snowmobiles and most now are used for recreational purposes.

Hundreds of snowmobile clubs have been formed to help families and individuals safely enjoy winter's wonders. For today, with establishment of more and more planned trails, you can take a snowmobile safari through the Columbian Icefields and beautiful

Bombardier and the wonderful world of snow are synonymous since the advent of the Ski-Doo snowmobile. And since that time a dozen years ago, the world of snow has increasingly become a world of fun and enjoyment for families and friends, a world that even brings summer's fun to winter with excursions such as this Colorado cookout. The snowmobiles and apparel are new Ski-Doo '72.





Banff National Park in Western Canada . . . the mountainous trails of Boise Cascade's multiple-use forest lands in Washington State, with elk visible against Mt. Rainier's distant outline . . . Yellowstone National Park where the fantasy of steaming Old Faithful or magnificent Two Top are matchless . . . pine-lined, winding Kimball Creek Trail in Wisconsin's Nicolet National Forest, first national forest trail designed specifically for snowmobilers . . . Alberta's countryside to Wetaskiwin, where leading snowmobile racers vie for glory and thousands of dollars to benefit the Shrine's Children's Hospital . . . the frosty Minnesota lake country for a day of ice-fishing . . . the amazing winter beauty of scenic snowmobile routes in New York's Adirondacks . . . the Quebec snowlands in the beautiful Laurentian Mountains and the Mardi Gras atmosphere of Quebec City's Winter Carnival . . . the relaxing trails

around little Eustis on the Maine-Quebec International Boundary, where the snowmobile has made winter as much fun as summer.

In virtually no time at all, the snowmobile has become an accepted way of life and given new impact to winter, socially and economically, in the snowbelt.

Typical of the social impact is the Ramapo Mountains Snowmobile Club, consisting of more than 125 families which ride marked trails in New Jersey and New York state parks on planned winter outings. There are more than 100 children under the age of 18 in the club, all being taught how to enjoy safe fun on snowmobiles.

To appreciate snowmobiling's economic impact, take the state of Michigan as an example. The Michigan Tourist Council actively promotes state snowmobiling facilities and last winter issued its own "Recipe For



Snowmobiling is many things to many people. For some it is trail riding in the mountains; for others, it is relaxing in the warm sun after an exhilarating ride in the crisp winter air.



Winter sports in Austria: Former Olympic champion Rikki Mahringer-Spiess conducts a special children's ski school in Mayrhofen, Zillertal, Tyrol.

A Ski-Doo Blizzard racing snowmobile casts a spell on the cross country test course at Bombardier's research and competition center, Valcourt, Quebec.

Winter Fun" that combined "30 to 140 inches of snow, 1,500 miles of toll-free expressways, 76 winter sports centers, and 168 snowmobile areas, with accommodations to fit every budget."

It has been estimated that the value of that recipe was \$34 million spent in the state of Michigan the past winter by snowmobiling families on weekend trips to use areas and resorts. The snowmobile boom was so great that a Michigan-headquartered camping organization launched an expansion to seven winter campgrounds with 5,000 campsites and hundreds of snowmobiling acres.

Similar economic benefits are being reaped throughout the snowbelt because of snowmobiling. In the Province of Quebec, where Bombardier's pioneering helped the snowmobile gain its greatest manufacturing growth, producers of snowmobiles and related equipment and accessories last year poured some \$100 million into the provincial economy in wages and sal-

aries alone. On top of that, of course, are the impact of the industry's tax contributions and the spending generated by snowmobiling families in the province.

This spending by snowmobilers carries the economic benefits of the sport to the lodge and resort owners, who now often make more money in winter season than in summer. Snowmobile races also have helped revitalize many northern communities in winter.

The snowmobile plays other roles, too. Above Finland's Arctic Circle, Lapland reindeer herders using Ski-Doo snowmobiles do in three days the work that used to take 13 days on Nordic skis and reindeer sleigh. In Colorado, snowmobiles helped a rancher haul 800 pounds of hay and cake to his snowbound range cattle while in Wyoming another rancher rescued a \$17,000 sheep herd from certain death in snowdrifts, with the aid of snowmobiles.



Snowmobiles speed sap-gathering for maple sugar-making, Jacksonville, Vermont.

The scene: Navaho Lake, Dixie National Forest, Utah. The sport: Ice fishing, made easier by use of snowmobiles to get to fishing locations.

The Royal Canadian Mounted Police now make their northern rounds on snowmobiles instead of dogsleds. Ski patrols find snowmobiles ideal for reaching injured skiers. During one of the worst blizzards in Montreal history this past winter, snowmobiles were used by police and others to assist storm-stranded motorists and other persons in trouble. The little machines have played the rescue role throughout the North American snowbelt in countless snow emergencies to such an extent that the J.-A. Bombardier Public Service Award was established to recognize snowmobilers who assist others.

Because of the wind chill factor in winter weather, it early became apparent that snowmobiling could be dangerous without adequate apparel. So Walker Manufacturing Company Ltd. developed the insulated Ski-Doo snowmobile suit and in 1966 Ski-Doo

Sports Ltd. was established as the marketing arm. Since then, Ski-Doo snowmobiling apparel has gone from strictly functional clothing to a new stage of fashion that even surpasses the unique styles and colors of ski clothing, while retaining warm insulating features.

Like snowmobiles, apparel and accessories now are multi-million dollar businesses. The experienced snowmobiler likes to go well equipped, with insulated one-piece jumpsuit or pants and jacket, insulated boots and mitts,



Fashionable clothing and accessories, including insulated designs for outdoor wear, add pleasure to snowmobiling and après snowmobiling activities. These new style-setting Ski-Doo fashions for the coming season also are ideal for other winter fun.



knit cap or helmet, wrap-around goggles . . . not to mention saddlebag for the back of his machine, dufflebag for extra clothes, Ski-Boose sleigh for the kids, and other items. Naturally there's a trailer on which to tow the snowmobile and sleigh and covers to keep them clean. Bombardier manufactures all of these but trailers.

Even the extra clothes in the dufflebag are Ski-Doo brand for the après snowmobiling fun. They include two-piece wool knit suits, sweaters in many colors and styles, sealskin and high-fashion shearling boots, and other assorted apparel for the entire family.

the world of bombardier

The growth of snowmobile uses and users resulted in the Ski-Doo snowmobile, like the apparel, undergoing drastic changes in the years since the first model was introduced in 1959-60. The new 1972 Ski-Doo snowmobiles, in 2,500 dealer showrooms beginning in late spring, include seven distinctly-different series offering a broad variety of models. There is more than \$1,000 variation from the least to the most expensive model with snowmobile features that meet a wide range of wants and pocketbooks.

The variety of snowmobile sizes, styles, and prices, combined with the many related apparel and accessory items, makes the Ski-Doo dealer a one-stop snowmobile shopping center. The average dealer also provides full service and replacement parts, backed by computer-controlled Bombardier and distributor inventories. It was virtually impossible to keep pace with replacement parts demand in early years of snowmobile growth. But facilities expansions have overcome this problem and the company now is moving into an aggressive parts merchandising program to provide greater parts availability in the dealership and increase Bombardier parts sales.



Today's Ski-Doo professional snowmobile dealers make a majority of their gross sales and profits from Bombardier products because they provide customers with a full selection of machines, apparel, and accessories, backed by complete parts and service. One of the leading Ski-Doo dealers is Lanthier & Lalonde, Ltd. of Montreal.



Dealers and distributors are backed by carefully-planned marketing services, including the industry's most extensive market research, advertising, sales promotion, and public relations programs.

The Ski-Doo Division market research department, for instance, is involved in a study of North American leisure market potentials for the next 20 years. At the same time, it is gathering and, with assistance of computer technology, analyzing snowmobile buyer profiles and snowmobile market influences to help our company and Ski-Doo distributors and dealers sell profitably in today's more competitive marketplace.

The snowmobile market which started 12 years ago with one company, Bombardier, and one brand, Ski-Doo, now numbers some 100 companies and brands. But none has been able to seriously challenge Ski-Doo's leadership and our intensive sales efforts are aimed at maintaining that situation.

The marketing staff works closely with 14 North American and five European distributors to assist them and dealers in selling Bombardier products.

Consumer educational activities also are highly essential for it was inevitable, with its exceptional growth rate, that the snowmobile . . . like the automobile, outboard motor, even the television set . . . would draw the heat of criticism.

Some criticisms of snowmobiling are valid . . . but they are criticisms of snowmobile drivers, not machines. Game harassment, vandalism, damage to young tree stands are problems created by unthinking or destruction-bent operators. Snowmobile collisions with automobiles, breaking through ice, and similar mishaps are the result of driver carelessness or excessive drinking.

It is a sign of growing maturity in a young industry that snowmobile companies, individually and through the International Snowmobile Industry Association; have faced up to their responsibilities and reacted strongly and positively to help solve these and

other problems. As a first level of safety and ecology, manufacturers led by Bombardier are working with the Canadian and United States governments on federal snowmobile safety construction standards in areas of lighting, braking, shielding of moving parts, and noise.

Bombardier engine and machine researchers already have made strides in lighting, braking, and shielding and are working on further advancements. Snowmobile noise levels are below those of trucks, motorcycles, and power mowers but are being designed to be even quieter. A new formulation of Ski-Doo brand oil, which requires only half as much oil in mixtures with gasoline, greatly reduces smoke and fumes.

A second level of safe and correct snowmobile use is development of safe drivers. Bombardier has cooperated closely with the National Safety Council and Canada Safety Council to develop a snowmobile safety booklet and film that have been read and seen by millions of people. This year our continuing efforts in this area include a new edition of the safety booklet, a new snowmobile environmental film, and other educational projects with schools and clubs.

The industry and Bombardier also are working with government organizations, private developers, and snowmobile clubs at a third level of necessity, creation of more safe places to use snowmobiles, including areas that are readily accessible.

Bombardier invested in extensive studies the past winter to gather meaningful information about the cost and feasibility of trail and use area development and operation.



John W. Hethrington (left), vice-president marketing, Ski-Doo Division, and C. R. Bourassa, general manager of Bombardier East, Inc., and president of the International Snowmobile Industry Association the past year, are leaders in snowmobile safety, ecology, use area, and legislative efforts.

Scenic trail areas attract snowmobile safaris to national parks and forests throughout North America.





Three of the four models in the Industrial Division's new Bombardier Skidozer series of snowmobile trail and ski hill grooming vehicles pose at Mont Orford, Quebec: (left to right) the SV-200, 250 and 300.

SV-250 Skidozer works a hill at Bridger Bowl Ski Area, Bozeman, Montana.

That's where the Industrial Division enters the world of Bombardier and snow. New wide-track Bombardier trailmakers have been designed specifically to wend their way through winding forest trails, mountain areas, and other terrain to groom new trails and smooth used ones.

The new machines, proven the past winter in larger versions that groom ski hills, are equipped with drags, blades, and other hydraulic accessories to meet varied terrain and trail conditions. They represent another growth potential in the snowmobile world and our company is developing a complete family of these Skidozers.

Bombardier was in the wonderful world of snow on a "removal" basis before the Ski-Doo snowmobile was perfected . . . now the Industrial Division's SW (for sidewalk) snowplows clear city walks all across North America. The newest is the SW-64 also used by airports to make paths for jetways and by shopping centers and industries to clear parking lots and other areas. It is available with a selection of plow blades and with other equipment for summer jobs.

The world of Bombardier also finds its way out of the snow with other tracked vehicles in the industrial domain. Helping ecologists fight the battle against chemical sprays is a new Bombardier J-5 tractor-mower combination that is gaining popularity with utility companies to clear overgrowth along line rights of way and with road maintenance departments to cut grass and weeds along highways.

Going into a variety of mucky off-road situations in logging, ricefields, oilfields, and other difficult situations requiring power and flotation are Bombardier's diesel Muskeg tractors. They and the J-5s go on snow, too; in fact, a Bombardier Muskeg groomed snowmobile trails in Massachusetts the past winter.

Our subsidiary and affiliate companies are primarily snow-oriented, inasmuch as their prime products go into Ski-Doo snowmobiles, but some have non-snow applications. Rotax two-cycle engines in three, two, and one cylinder designs are used exclusively in the Ski-Doo brand among snowmobiles. But other Rotax engines are used in boats, farm and firefighting equipment, for instance.

Rockland Industries Ltd. processes natural rubber into finished rubber components for our industrial and recreational products. It also fills outside contracts for rubber and fabric materials ready for use in other manufacturing processes and markets some molded goods, including sprockets, snow guards, and bogey wheels. Ville-Marie Upholstering Ltd., the



affiliate which makes Ski-Doo and some Moto-Ski snowmobile seats, also utilizes its exclusive polyurethane foam process to produce foam rubber seats for automobiles, buses, and tractors.

Roski Limited is a major Canadian fiberglass user in its production of components for Bombardier and some other snowmobile manufacturers. It will explore further outside marketing potentials with completion of the larger plant built to replace the factory areas destroyed by a \$900,000 fire near the close of 1971 Ski-Doo production. Last year's production was completed in one remaining wing. The

loss was insured and the new plant is a modern, fire resistant structure.

LaSalle Plastics Inc. two years ago began using large one-piece polycarbonate injection molds to make cowls of Ski-Doo Nordic snowmobiles. The company uses the process for other plastic parts now.

Jarry Precision Ltd. manufactures precision metal parts for Ski-Doo snowmobiles and makes some parts for Moto-Ski machines. It has given Bombardier the replacement parts production capacity to permit a new merchandising push in that market.



Bombardier J-5 tractor with mower performs tasks as replacement for chemical weed and brush control.

Familiar figures around Montreal and many other North American municipalities are Bombardier SW (sidewalk) snowplows.



New members of the Bombardier corporate family are these Moto-Ski snowmobiles.

Placage Automatic Drummond Inc. does the quality chrome and zinc plating for front and back bumpers, handles, and other snowmobile parts fabricated at Valcourt.

Moto-Ski was a natural addition to the world of Bombardier and snow because its prime product is snowmobiles and because our company's Jerry, Rockland, and Ville-Marie organizations already were manufacturing certain components for Moto-Ski. Other Bombardier subsidiaries will be supplying components to Moto-Ski snowmobile specifications in the years ahead. The Moto-Ski product line also includes a series of Moto-Skeeter trail bikes.

Another new addition to our world, not for snow, is the Bombardier series of Junior Cross, Bantam Cross, and Bantam Trail motor bikes for off-road trail riding. The motorcycle and bike market has experienced phenomenal growth in North America in recent years. If the three Bombardier bikes made for our company by Agrati-Garelli of Milan, Italy, prove successful in test marketing this summer, it could lead to the production of Bombardier motorcycles and motor bikes in North America. It also could provide the mass-appeal warm weather product we have been seeking to round out our dealer's year.

So the world of Bombardier continues to grow . . . with new snowmobile designs, new snowmobile-related products, new industrial products, new markets opened or ready to open for subsidiary and affiliate companies, new warm weather products on the horizon, all combined with a solid distribution organization. It adds up to a world of confidence in the future of the world of Bombardier!



The world of Bombardier in the year ahead includes (clockwise from upper left) seven distinctive '72 series of quality-built Ski-Doo snowmobiles . . . a new series of off-road trail bikes now in test markets . . . new apparel and accessories for snowmobiling . . . and new industrial vehicles highlighted by the Skidozer SV-200 snowmobile trailmaker.



head office: bombardier limited, valcourt, quebec, canada.





AR32

1^u

BOMBARDIER LIMITED AND SUBSIDIARIES

FINANCIAL STATEMENTS

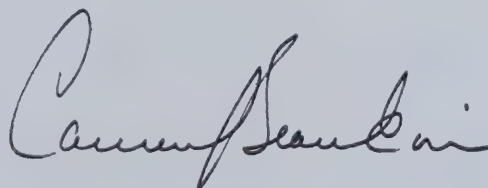
Year ended January 31, 1971

To the Shareholders :

I am pleased to submit the following consolidated financial statements of Bombardier Limited and its subsidiaries for the year ended January 31, 1971 and the auditors' report thereon, being the statements and report to which reference is made in the notice of meeting enclosed herewith :

- (a) Statement of earnings;
- (b) Statement of retained earnings;
- (c) Statement of source and application of working capital;
and
- (d) Balance sheet.

The annual report will be mailed to you on or about the date of the annual meeting of the Company.

A handwritten signature in dark ink, appearing to read 'Laurent Beaudoin', with a stylized, cursive script.

Laurent Beaudoin,
President and General Manager.

Valcourt, April 6, 1971.

BOMBARDIER LIMITED
and its subsidiaries

CONSOLIDATED STATEMENT OF EARNINGS

Year ended January 31, 1971
(with comparative figures for 1970)

	<u>1971</u>	<u>1970</u>
Net Sales	\$164,924,863	\$141,784,229
Cost of Sales	93,001,335	85,251,659
Selling and Administrative Expenses	25,062,117	16,123,469
Depreciation of Fixed Assets and Amortization of Patents	6,978,203	3,832,618
Interest on Long-Term Debt	154,336	—
Other Expenses	2,642,301	890,927
	<u>127,838,292</u>	<u>106,098,673</u>
Investment and Other Income	1,155,214	779,153
	<u>126,683,078</u>	<u>105,319,520</u>
Earnings before Taxes on Income, Minority Shareholders' Interest and Extraordinary Items	38,241,785	36,464,709
Taxes on Income	22,030,999	19,642,435
Minority Shareholders' Interest	82,913	—
Net Earnings before Extraordinary Items	<u>16,127,873</u>	<u>16,822,274</u>
Exchange Loss on conversion of foreign subsidiaries' accounts into Canadian dollars	(458,269)	—
Profit on Sales of Fixed Assets and Investments	339,269	—
Net Earnings	<u>\$ 16,008,873</u>	<u>\$ 16,822,274</u>
Net Earnings per Common Share	<u>\$ 1.007</u>	<u>\$ 1.121*</u>

* On the basis of 15,000,000 shares, being the number of shares outstanding before the issue of 900,000 shares under date of January 20, 1970.

BOMBARDIER LIMITED
and its subsidiaries

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended January 31, 1971
(with comparative figures for 1970)

	<u>1971</u>	<u>1970</u>
Balance at Beginning of Year	\$ 40,208,373	\$ 25,798,599
Company's proportion in the retained earnings of 50% owned companies at date of acquisition of controlling interest	539,264	—
Net Earnings	16,008,873	16,822,274
Contributed Surplus	500,000	—
	<u>57,256,510</u>	<u>42,620,873</u>
Dividends		
Common Shares (Note 10)	3,040,000	2,412,500
Preferred Shares of a Subsidiary company	127,470	—
	<u>3,167,470</u>	<u>2,412,500</u>
Balance at End of Year	<u><u>\$ 54,089,040</u></u>	<u><u>\$ 40,208,373</u></u>

BOMBARDIER LIMITED
and its subsidiaries

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF WORKING CAPITAL

Year ended January 31, 1971
(with comparative figures for 1970)

Source of Funds	<u>1971</u>	<u>1970</u>
Net Earnings	\$ 16,008,873	\$ 16,822,274
Minority Shareholders' Interest in subsidiaries' earnings	82,913	—
Depreciation of Fixed Assets and Amortization of Patents	6,978,203	3,832,618
Net Increase in Long-Term Debt	1,656,905	155,078
Government Grant	500,000	—
Increase in the provision for Severance Pay and Pension Costs	157,617	—
Issue of Capital Stock	—	18,000,000
Minority Shareholders' Subscription in the capital stock of a subsidiary company	15,000	—
Notes payable	—	5,577,000
Working Capital of a non-consolidated Subsidiary as at January 31, 1970	6,993,075	—
Working Capital of new subsidiaries at acquisition date of controlling interest	1,096,339	—
	<u>33,488,925</u>	<u>44,386,970</u>
 Application of Funds		
Additions to Fixed Assets, net of disposals	13,813,399	10,463,466
Purchases of Investments	169,398	31,045,811
Purchase of Consolidated Subsidiaries' Shares	4,367,009	—
Increase (Decrease) in Mortgages and other Non-current Receivables	194,280	(10,009)
Notes payable	5,577,000	—
Dividends	3,167,470	2,412,500
	<u>27,288,556</u>	<u>43,911,768</u>
 Increase in Working Capital	6,200,369	475,202
 Working Capital at beginning of year	<u>14,775,108</u>	<u>14,299,906</u>
 Working Capital at end of year	<u>\$ 20,975,477</u>	<u>\$ 14,775,108</u>

BOMBARDIER LIMITED
and its subsidiaries

CONSOLIDATED BALANCE SHEET AS AT JANUARY 31, 1971
(with comparative figures for 1970)

ASSETS

	<u>1971</u>	<u>1970</u>
Current Assets		
Cash	\$ 7,221,891	\$ 7,764,675
Accounts Receivable	10,820,702	5,457,390
Inventories (Note 2)	35,729,087	13,891,779
Prepaid Expenses	691,258	816,666
Special Refundable Tax	—	109,224
	<u>54,462,938</u>	<u>28,039,734</u>
Investments		
In 50% owned Companies (Note 3)	251,250	544,250
In other Companies (Note 4)	81,115	—
In a non-consolidated Subsidiary	—	31,034,456
Marketable Securities at cost (Market value : 1971 — \$630,288; 1970 — \$222,230)	331,138	242,855
Mortgages and other Non-current Receivables (Note 5)	306,690	112,410
	<u>970,193</u>	<u>31,933,971</u>
Fixed Assets		
Land, Buildings, Equipment, Aircraft and Miscellaneous, less Accumulated Depreciation (Note 6)	<u>29,922,044</u>	<u>16,775,552</u>
Other Assets		
Patents, less Accumulated Amortization (Note 7)	434,198	496,753
Excess of Cost of Shares of Subsidiary Companies over book value of net assets, at dates of acquisition (Note 8)	25,376,203	—
	<u>25,810,401</u>	<u>496,753</u>
On behalf of the Board,		
Laurent Beaudoin, C.A.	<u>\$111,165,576</u>	<u>\$ 77,246,010</u>
Jean-Paul Gagnon, C.A.		

LIABILITIES

	<u>1971</u>	<u>1970</u>
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 12,909,725	\$ 5,307,297
Due to a non-consolidated Subsidiary	—	1,136,367
Bank Loans (Note 9)	14,968,974	—
Taxes on Income	3,915,990	6,458,462
Dividends payable (Note 10)	435,000	362,500
Long-Term Debt due within one year (Note 11)	1,257,772	—
	<u>33,487,461</u>	<u>13,264,626</u>
Notes Payable	<u>—</u>	<u>5,577,000</u>
Long-Term Debt (Note 11)	<u>2,811,147</u>	<u>155,078</u>
Provision for Severance Pay and Pension Costs	<u>440,612</u>	<u>—</u>
Minority Shareholders' Interest in Subsidiary Companies (Note 12)	<u>2,296,383</u>	<u>—</u>

SHAREHOLDERS' EQUITY

Capital Stock (Note 13)	18,040,933	18,040,933
Retained Earnings	54,089,040	40,208,373
	<u>72,129,973</u>	<u>58,249,306</u>
	<u>\$111,165,576</u>	<u>\$ 77,246,010</u>

BOMBARDIER LIMITED

and its subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended January 31, 1971

1 — BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and all its subsidiaries.

The accounts of foreign subsidiaries have been converted to Canadian dollars as follows :

- Current Assets and Current Liabilities, at exchange rates in effect as at January 31, 1971;
- Fixed Assets, Investments, Long-Term Debt and other Non-current Liabilities, at historical rates of exchange;
- Accumulated Depreciation or Amortization, on the basis of the equivalent Canadian dollar cost of the related fixed assets;
- Revenue and Expenditure accounts, except depreciation or amortization, at the average rates of exchange during the control period.

The related exchange loss is shown on the Consolidated Statement of Earnings.

The consolidated financial statements as at January 31, 1970 did not include the accounts of the Austrian subsidiary Bombardier-Rotax G.m.b.H. (Lohnerwerke G.m.b.H. and its subsidiary Rotax-Werk AG., merged in March 1970).

2 — INVENTORIES

Inventories are valued at the lower of cost or net realizable value and consist of the following :

Raw materials		\$14,298,491
Products in process		2,956,531
Finished products —		
Vehicles	\$ 5,436,684	
Parts	11,546,694	
Others	1,490,687	18,474,065
		<u>\$35,729,087</u>

3 — INVESTMENTS IN 50% OWNED COMPANIES

These investments are valued at cost. Following is a list of said investments and their book value according to the last respective balance sheet for the financial year ended during the financial year of the Company :

	Cost	Book value
Ville-Marie Upholstering Ltd.,		
50 Preferred shares of \$10 each, 5% non-cumulative	\$ 500	\$ 500
50 Common shares of \$10 each	240,000	424,665
Doug's Inc.,		
500 Common shares without nominal or par value	10,750	11,275
	<u>\$251,250</u>	<u>\$436,440</u>

The Company's proportion of the aggregate profits of those companies earned since the acquisition of a 50% interest in their share capital amounts to : 1969 — (\$8,187); 1970 — \$116,382; 1971 — \$136,159. These amounts have not been included in the Consolidated Statement of Earnings.

4 — INVESTMENTS IN SHARES OF OTHER COMPANIES

These shares are valued at cost and have a book value of \$68,293.

5 — MORTGAGES AND NON-CURRENT RECEIVABLES

This amount is made-up as follows :

Mortgages receivable	\$ 76,013
Grant receivable	100,000
Notes receivable	130,677
	<u>\$306,690</u>

6 — FIXED ASSETS

Fixed assets are valued at cost and the accumulated depreciation is equal to the capital cost allowance claimed for income tax purposes.

	Cost	Accumulated depreciation	Net book value
Land	\$ 1,947,416		\$ 1,947,416
Buildings	15,559,317	\$ 2,826,385	12,732,932
Equipment	29,399,942	15,565,284	13,834,658
Aircraft	2,332,287	1,687,188	645,099
Others	1,082,966	321,027	761,939
	<u>\$50,321,928</u>	<u>\$20,399,884</u>	<u>\$29,922,044</u>

7 — PATENTS

Patents are valued at cost and the amortization thereon is included in the Consolidated Statement of Earnings under "Depreciation". Each patent is amortized according to its lifetime.

Cost	\$755,000
Accumulated amortization —	
January 31, 1970	\$258,247
Year ended January 31, 1971	<u>62,555</u>
January 31, 1971	<u>320,802</u>
Book value	<u>\$434,198</u>

8 — EXCESS OF COST OF SHARES OF SUBSIDIARY COMPANIES OVER BOOK VALUE OF NET ASSETS, AT DATES OF ACQUISITION

The excess of cost of shares of subsidiary companies acquired prior to January 31, 1969 over the book value of their net assets, at dates of acquisition, has been written-off against Consolidated Retained Earnings as at January 31, 1969. Such write-off amounted to \$627,744.

The Company has not yet adopted its final policy with respect to the amortization of the excess of cost of shares of subsidiary companies acquired during the 1970 and 1971 financial years. Accordingly, no amortization has been charged to the Consolidated Statement of Earnings during the 1970 and 1971 financial years.

9 — BANK LOANS

The bank loans of the Company and some of its subsidiaries are secured as follows :

General assignment of book debts	\$ 8,273,981
General assignment of stocks	23,363,804
Floating charge on the assets of a subsidiary company	483,891

10 — DIVIDENDS

During the year, the Company has declared four 15¢ dividends on its class A Common Shares. Three of them were paid during the year and the last one is payable March 15, 1971. The Company has also paid a dividend of 10¢ on each of its Class B Common Shares on December 22, 1970.

11 — LONG-TERM DEBT

Bombardier Limited —

9% Mortgage, refundable by monthly instalments of \$20,127 each, maturing in 1980. Secured by fixed assets having a book value of \$1,864,855	\$ 1,583,247
Non-interest bearing Notes, payable \$268,600 February 1, 1971 and \$134,300 February 1, 1972 and 1973	537,200
6% Notes, payable \$685,000 December 15, 1971 and \$680,000 December 15, 1972	1,365,000
Non-interest bearing Note, with undetermined maturity date	23,594

Bombardier-Rotax G.m.b.H. —

Debt amortizable over a seven-year period	18,741
---	--------

Jarry Precision Ltd. —

7% Mortgage, refundable by annual instalments of \$5,000, maturing in 1976	60,500
11% Loan, secured by a first mortgage bond covering machinery and equipment, refundable by monthly instalments of \$10,833 each, maturing in 1974	390,000
Account payable on purchase of machinery, secured by a pledge of the related assets, refundable by monthly instalments of \$1,286 each, maturing in 1972	23,151

Monte's Bombardier, Inc. —

Contracts requiring monthly payments of \$2,925 U.S., secured by equipment, maturing in 1974	56,126
Contract payable to a former stockholder for purchase of treasury shares	11,360

Amount due within one year	4,068,919
	1,257,772
	<u>\$ 2,811,147</u>

12 — MINORITY SHAREHOLDERS' INTEREST IN SUBSIDIARY COMPANIES

Preferred Shares —

Jarry Precision Ltd.,

20,111 Preferred Shares with a par value of \$100 each, 7% non-cumulative, redeemable at \$100 (Note 15d)	\$ 2,011,100
---	--------------

Ski-Doo Sports Ltd.,

30 Preferred Shares with a par value of \$100 each, 6% non-cumulative, redeemable at \$100	3,000
--	-------

Walker Manufacturing Co. Ltd.,

3,600 Preferred Shares with a par value of \$1 each, 6% non-cumulative, redeemable at \$1	3,600
	2,017,700

Common Shares and Retained Earnings	278,683
	<u>\$ 2,296,383</u>

13 — CAPITAL STOCK

The capital stock of the Company is as follows :

Authorized —

25,000,000 Class A Common Shares, without nominal or par value
13,000,000 Class B Common Shares, without nominal or par value

Issued and fully paid —

2,900,000 Class A Common Shares	\$18,005,458
13,000,000 Class B Common Shares	35,475
	<u>\$18,040,933</u>

Each of the outstanding Class B Common Shares is convertible, at the option of the holder, into one Class A Common Share and 13,000,000 Class A Common Shares have been reserved for such purpose.

14 — REMUNERATION OF DIRECTORS AND OFFICERS

The aggregate direct remuneration paid by the Company to its directors and officers during the year ended January 31, 1971 was as follows :

	Number	Remuneration
Directors	7	\$ 2,900
Officers	12	469,685
Directors who are also officers	6	

No remuneration was paid to those persons by the subsidiaries.

The corresponding remuneration for the year ended January 31, 1970 was \$432,932.

15 — CONTINGENT LIABILITIES AND COMMITMENTS

- a) The Company is guaranteeing the bank loan of Ville-Marie Upholstering Ltd. to the extent of \$250,000. The bank loan of that company was \$10,000 as at January 31, 1971.
- b) The Company and its subsidiaries have leases of real property and equipment for varying terms up to a maximum of five years. Total rental expense for the year ended January 31, 1971 aggregated \$288,284 and minimum yearly rentals for the next five years will be : 1972 — \$304,285; 1973 — \$282,856; 1974 — \$239,176; 1975 — \$23,785; 1976 — \$10,105.
- c) Unrecorded capital commitments in respect of buildings under construction and equipment on order amounted to approximately \$3,400,000 as at January 31, 1971.
- d) The Company has entered into an agreement with the minority shareholders of its subsidiary Jarry Precision Ltd. for the redemption of their 20,111 preferred shares at a price equal to 83% of the par value of said shares. Such agreement required a cash outlay of \$313,000 on February 1, 1971 and will require the following future payments : February 1, 1972 — \$406,500; February 1, 1973 — \$406,500; February 1, 1974 — \$543,318.
- e) i) The Company has been sued in a U.S. District Court, by a Pennsylvania company, which alleges that Bombardier Limited knowingly and wilfully induced an Italian company to break its contract with it for the exclusive distribution of mini-bikes in North America. The suit asks for damages in an unspecified amount, plus \$500,000 U.S. in "punitive" damages. The Company has challenged the jurisdiction of the Court, believes the claim to be without merit and, if necessary, will defend the suit.
ii) The Company has also been sued in a local Court of San Jose, California by its former distributor for California and Nevada, which alleges that the Company's failure to renew its distributorship contract on March 31, 1969, was a breach of that contract and also violated the American antitrust law. The suit claims damages in the amount of \$522,000 U.S., plus an additional \$100,000 U.S. which could be trebled under the antitrust law. The Company believes the claim to be without merit and is defending the suit.

16 — SUBSEQUENT TRANSACTION

Under date of March 6, 1971, the Company has entered into an agreement concerning the purchase of net assets (purchase of assets and assumption of liabilities) from Industries Bouchard Inc., M S Distribution Ltd. and St. Hyacinthe Sports Inc., for a cash consideration of \$6,135,000 payable as follows :

Amount payable and paid on March 6, 1971	\$3,000,000
Additional amounts payable on Closing date or March 23, 1971, whichever date is earlier	3,135,000

BOMBARDIER LIMITED
and its subsidiaries

AUDITORS' REPORT

To the Shareholders of
Bombardier Limited :

We have examined the consolidated balance sheet of Bombardier Limited and its subsidiaries as at January 31, 1971 and the consolidated statements of earnings, retained earnings and source and application of working capital for the year then ended. Our examination of the financial statements of Bombardier Limited and its subsidiaries of which we are auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion, based upon our examination and the reports of such other auditors, these financial statements present fairly the financial position of the Company and its subsidiaries as at January 31, 1971, the results of their operations and the source and application of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Bilanger, Dallaire, Gagnon & Associés

Chartered Accountants

Quebec, Canada,
March 12, 1971.

BOMBARDIER LIMITEE
et ses filiales

RAPPORT DES VÉRIFICATEURS

Aux actionnaires de
Bombardier Limitée,

Nous avons examiné le bilan consolidé de Bombardier Limitée et ses filiales au 31 janvier 1971 et les états consolidés des bénéfices, des bénéfices non répartis et de provenance et d'emploi du fonds de roulement pour l'année terminée à cette date. Notre examen des états financiers de Bombardier Limitée et des filiales dont nous sommes les vérificateurs a comporté une revue générale des procédés comptables et tels sondages des livres et pièces justificatives qui nous ont paru nécessaires dans les circonstances. Nous nous en sommes remis à l'opinion des vérificateurs qui ont examiné les états financiers des autres filiales.

A notre avis, d'après notre examen et les rapports de ces autres vérificateurs, ces états financiers présentent fidèlement la situation financière de la Compagnie et de ses filiales au 31 janvier 1971, leurs résultats d'exploitation, ainsi que la provenance et l'emploi de leur fonds de roulement pour l'année terminée à cette date, conformément aux principes comptables généralement reconnus appliqués de la même manière qu'au cours de l'année précédente.

Richard J. Daigneault, CMA, FCA, FCS

Comptables agréés

Québec, Canada,
le 12 mars 1971.

14 — RÉMUNÉRATION DES ADMINISTRATEURS ET DES MEMBRES DE LA HAUTE DIRECTION

La rémunération globale payée ou payable directement par la Compagnie à ses administrateurs et aux membres de la haute direction pendant l'année terminée le 31 janvier 1971 a été la suivante :

Administrateurs	7	\$ 2,900
Membres de la haute direction	12	469,685
Administrateurs également membres de la haute direction	6	
nombre		rémunération

Aucune rémunération n'a été payée à ces personnes par les filiales.

La rémunération correspondante pour l'année terminée le 31 janvier 1970 s'est élevée à \$432,932.

15 — PASSIFS ÉVENTUELS ET ENGAGEMENTS

a) La Compagnie garantit l'emprunt de banque de Ville-Marie Rembourrage Ltée jusqu'à concurrence de \$250,000. En date du 31 janvier 1971 l'emprunt de banque de cette compagnie est de \$10,000.

b) La Compagnie et ses filiales sont parties à des baux de propriétés immobilières et d'équipement pour des périodes s'étendant jusqu'à 5 ans. La dépense de loyer pour l'année terminée le 31 janvier 1971 s'est élevée à \$288,284 et les loyers annuels minima pour les cinq prochains exercices financiers seront les suivants : 1972 — \$304,285; 1973 — \$282,856; 1974 — \$239,176; 1975 — \$23,785; 1976 — \$10,105.

c) Le coût estimé pour terminer les constructions en cours et les engagements pour l'achat d'équipement s'établissent à environ \$3,400,000 au 31 janvier 1971.

d) La Compagnie s'est engagée à racheter les 20,111 actions privilégiées détenues par les actionnaires minoritaires de sa filiale Jarry Precision Ltd. pour une somme égale à 83% de leur valeur nominale. Cet engagement a nécessité un déboursé de \$313,000 en date du 1er février 1971 et occasionnera les déboursés futurs suivants : 1er février 1972 — \$406,500; 1er février 1973 — \$406,500; 1er février 1974 — \$543,318.

e) i) La Compagnie est présentement défenderesse dans une action intentée contre elle aux États-Unis, par une compagnie ayant son siège social en Pennsylvanie. Cette compagnie prétend que Bombardier Limitée aurait induit une Société Italienne à annuler son contrat avec elle pour la distribution exclusive de "mini-bikes" en Amérique du Nord. La réclamation est d'un montant non encore déterminé, plus \$500,000 E.U. à titre de dommages exemplaires ("punitive" damages). La Compagnie conteste actuellement la juridiction de la Cour dans cette affaire et contestera, s'il y a lieu, cette réclamation qu'elle juge être sans fondement.

ii) La Compagnie est également partie défenderesse dans une action intentée contre elle devant les tribunaux à San Jose, Californie, par son ancien distributeur pour les états de Californie et du Nevada. Ce dernier allègue que le non renouvellement de son contrat de distribution, en date du 31 mars 1969, équivalait à un bris de contrat et à une violation des lois anti-trust américaines. Les montants réclamés sont de \$522,000 E.U. pour dommages, plus un montant additionnel de \$100,000 E.U. que le demandeur requiert la Cour de tripler en vertu des dites lois anti-trust. La Compagnie conteste cette réclamation qu'elle juge également sans fondement.

16 — TRANSACTION SUBSÉQUENTE

En date du 6 mars 1971, la Compagnie a été partie à une entente relative à l'achat d'actifs nets (achat d'actifs et prise à charge de dettes) des compagnies Industries Bouchard Inc., MS Distribution Ltée et St-Hyacinthe Sports Inc. pour une considération de \$6,135,000 payable comptant comme suit :

Montant payable et payé le 6 mars 1971	\$3,000,000
Autres montants payables à la signature de l'entente finale devant intervenir au plus tard le 23 mars 1971	3,135,000

11 — DETTE À LONG TERME

Bombardier Limitée —	
Hypothèque, 9%, remboursable par versements mensuels de \$20,127 jusqu'en 1980, grevant des actifs immobilisés d'une valeur aux livres de \$1,864,855	\$1,583,247
Billets, ne portant pas intérêt, payables \$268,600 le 1er février 1971 et \$134,300 les 1er février 1972 et 1973	537,200
Billet, 6%, payable \$685,000 le 15 décembre 1971 et \$680,000 le 15 décembre 1972	1,365,000
Billet, sans intérêt, date de remboursement indéterminée	23,594
Bombardier - Rotax G.m.b.H. —	
Dettes amortissables sur une période de 7 ans	18,741
Jarry Precision Ltd. —	
Hypothèque, 7%, remboursable par versements annuels de \$5,000, échéant en 1976	60,500
Prêt, 11%, garanti par obligation première hypothèque couvrant machinerie et équipement, remboursable par versements mensuels de \$10,833 jusqu'en 1974	390,000
Du sur achat de machinerie, garanti par nantissement de telle machinerie, remboursable par versements mensuels de \$1,286 jusqu'en 1972	23,151
Monte's Bombardier, Inc. —	
Solides sur contrats d'achats à tempérament, garantis par la machinerie, remboursables par versements mensuels de \$2,925 E.U. jusqu'en 1974	56,126
Solde dû à un ancien actionnaire pour rachat d'actions ordinaires de la compagnie	11,360
	4,068,919
Montant échéant à moins d'un an	1,257,772
	<u>\$ 2,811,147</u>

12 — PARTICIPATION DES ACTIONNAIRES MINORITAIRES DANS LES FILIALES

Actions privilégiées —	
Jarry Precision Ltd. —	
20,111 actions privilégiées, d'une valeur nominale de \$100 chacune, 7% non cumulatif, rachetables à \$100 (note 15d)	\$ 2,011,100
Ski-Doo Sports Ltée —	
30 actions privilégiées, d'une valeur nominale de \$100 chacune, 6% non cumulatif, rachetables à \$100	3,000
Walker Manufacturing Co. Ltd. —	
3,600 actions privilégiées, d'une valeur au pair de \$1 chacune, 6% non cumulatif, rachetables à \$1	3,600
Actions ordinaires et bénéfices non répartis	2,017,700
	278,683
	<u>\$ 2,296,383</u>

13 — CAPITAL-ACTIONS

Le capital-actions de la Compagnie est le suivant :

Autorisé —	
25,000,000 d'actions ordinaires classe A sans valeur au pair	
13,000,000 d'actions ordinaires classe B sans valeur au pair	
— Emis et payé —	
2,900,000 actions ordinaires classe A	\$18,005,458
13,000,000 d'actions ordinaires classe B	35,475
	<u>\$18,040,933</u>

Chacune des 13,000,000 d'actions ordinaires classe B est échangeable, au choix du détenteur, pour une action ordinaire classe A, et 13,000,000 d'actions ordinaires classe A ont été réservées à cette fin.

5 — HYPOTHÈQUES ET AUTRES CRÉANCES À RECEVOIR

Ce montant est constitué comme suit :

Hypothèques à recevoir	\$ 76,013
Subvention à recevoir	100,000
Billets à recevoir	130,677
	<u>\$306,690</u>

6 — IMMOBILISATIONS

Les immobilisations sont évaluées au prix coûtant et l'amortissement accumulé correspond à l'allocation du coût en capital réclamée pour les fins de l'impôt sur le revenu.

	Coût	Amortissement accumulé	Valeur aux livres
Terrains	\$ 1,947,416		\$ 1,947,416
Bâtisses	15,559,317	\$ 2,826,385	12,732,932
Équipement	29,399,942	15,565,284	13,834,658
Avions	2,332,287	1,687,188	645,099
Autres	1,082,966	321,027	761,939
	<u>\$50,321,928</u>	<u>\$20,399,884</u>	<u>\$29,922,044</u>

7 — BREVETS

Les brevets sont évalués au prix coûtant et l'amortissement s'y rapportant est groupé avec celui des immobilisations dans l'état consolidé des bénéfices. Chaque brevet est amorti selon sa durée.

Coût	Amortissement accumulé —	
	au 31 janvier 1970	
	Année terminée le 31 janvier 1971	
	au 31 janvier 1971	
		<u>62,555</u>
		320,802
		<u>\$434,198</u>

8 — EXCÉDENT DU COÛT DES ACTIONS DES FILIALES PAR RAPPORT À LA VALEUR COMPTABLE DE LEURS ACTIFS NETS, AUX DATES D'ACQUISITION

L'excédent du coût des actions des filiales acquises antérieurement au 31 janvier 1969 par rapport à la valeur comptable de leurs actifs nets, aux dates d'acquisition, a été imputé aux bénéfices consolidés non répartis au 31 janvier 1969. Cet excédent s'élevait à \$627,744.

La Compagnie n'a pas établi de politique définitive quant à l'amortissement de l'excédent du coût des actions des filiales acquises en 1970 et 1971. En conséquence, l'état consolidé des bénéfices non répartis pour les années 1970 et 1971 ne tient compte d'aucun amortissement.

9 — EMPRUNTS DE BANQUE

Les emprunts de banque de la Compagnie et de certaines de ses filiales sont garantis de la façon suivante :

Nantissement de comptes à recevoir	\$ 8,273,981
Nantissement de stocks	23,363,804
Charge flottante sur les actifs d'une filiale	483,891

10 — DIVIDENDES

Pendant l'année, la Compagnie a déclaré quatre dividendes de \$0.15 chacun sur ses actions ordinaires classe A. Les trois premiers ont été payés pendant l'année et le quatrième est payable le 15 mars 1971. Un dividende de \$0.10 a également été payé le 22 décembre 1970 sur chacune des actions ordinaires classe B.

BOMBARDIER LIMITEE
et ses filiales

NOTES RELATIVES AUX ETATS FINANCIERS CONSOLIDES
pour l'année terminée le 31 janvier 1971

1 — PRINCIPES DE LA CONSOLIDATION

Les états financiers consolidés comprennent les comptes de la Compagnie et de toutes ses filiales.

Les comptes des filiales étrangères ont été convertis en dollars canadiens de la façon suivante :

— Les disponibilités et les exigibilités, aux taux de change en vigueur le 31 janvier 1971;

— Les actifs immobilisés, les placements, la dette et les autres passifs à long terme, aux taux historiques;

— Les amortissements accumulés, au prorata du coût équivalent en dollars canadiens des actifs immobilisés;

— Les comptes de revenus et de dépenses, à l'exclusion de l'amortissement, aux taux moyens en vigueur pendant la période de contrôle.

La perte de change afférente à la conversion apparaît à l'état consolidé des bénéfices.

Les états financiers consolidés au 31 janvier 1970 n'incluaient pas les comptes de la filiale étrangère Bombardier-Rotax G.m.b.H. (Lohnerwerke G.m.b.H. et sa filiale Rotax-Werk AG., fusionnées en mars 1970).

2 — STOCKS

Les stocks sont évalués au plus bas du prix coûtant ou de la valeur nette de réalisation et comprennent :

Matières premières	\$14,298,491	
Produits en cours	2,956,531	
Produits finis —		
Véhicules	\$ 5,436,684	
Pièces	11,546,694	
Autres	1,490,687	
	18,474,065	\$35,729,087

3 — PLACEMENTS DANS LES COMPAGNIES POSSEDEES A 50%

Les placements dans ces compagnies sont indiqués au prix coûtant. Le détail de ces placements de même que leur valeur aux livres d'après le dernier bilan de chacune de ces compagnies pour leur année financière respective terminée pendant l'année financière de la Compagnie est le suivant :

Ville-Marie Rembourrage Ltée	Coût	Valeur aux livres
50 actions privilégiées de \$10 chacune, 5% non cumulatif	\$ 500	\$ 500
50 actions ordinaires de \$10 chacune	240,000	424,665
Doug's Inc.		
500 actions ordinaires sans valeur nominale	10,750	11,275
	\$251,250	\$436,440

La part de la Compagnie dans les bénéfices de ces compagnies depuis l'acquisition de 50% de leurs actions s'établit comme suit : 1969 — (\$8,187); 1970 — \$116,382; 1971 — \$136,159. Ces montants ne sont pas inclus dans l'état consolidé des bénéfices.

4 — ACTIONS D'AUTRES COMPAGNIES

Ces actions sont évaluées au prix coûtant et leur valeur aux livres est de \$68,293.

PASSIF

Exigibilités	1971	1970
Comptes à payer et frais courus	\$ 12,909,725	\$ 5,307,297
Dû à une filiale non consolidée	—	1,136,367
Emprunts de banque (Note 9)	14,968,974	—
Impôts sur le revenu	3,915,990	6,458,462
Dividendes à payer (Note 10)	435,000	362,500
Partie de la dette à long terme échéant à moins d'un an (Note 11)	1,257,772	—
Billets à payer	—	5,577,000
Dette à long terme (Note 11)	2,811,147	155,078
Provision pour allocations de départ et prestations de retraite	440,612	—
Participation des actionnaires minoritaires dans les filiales (Note 12)	2,296,383	—
AVOIR DES ACTIONNAIRES		
Capital-actions (Note 13)	18,040,933	18,040,933
Bénéfices non répartis	54,089,040	40,208,373
	72,129,973	58,249,306
	\$111,165,576	\$ 77,246,010

BOMBARDIER LIMITÉE et ses filiales

BILAN CONSOLIDÉ AU 31 JANVIER 1971 (avec les chiffres comparatifs de 1970)

ACTIF

1971	1970
Disponibilités	
Encaisse	\$ 7,221,891
Comptes à recevoir	10,820,702
Stocks (Note 2)	35,729,087
Dépenses payées d'avance	691,258
Impôt spécial remboursable	—
	54,462,938
Placements	
Compagnies possédées à 50% (Note 3)	251,250
Actions d'autres compagnies (Note 4)	81,115
Actions d'une filiale non consolidée	—
Valuers négociables au prix cotant (Valeur au marché : 1971 — \$630,288; 1970 — \$222,230)	331,138
Hypothèques et autres créances à recevoir (Note 5)	306,690
	970,193
Immobilisations	
Terrains, bâtiments, équipement, avions et autres, moins l'amortissement accumulé (Note 6)	29,922,044
	16,775,552
Autres actifs	
Brevets, moins l'amortissement accumulé (Note 7)	434,198
Excédent du coût des actions des filiales par rapport à la valeur comptable de leurs actifs nets, aux dates d'acquisition (Note 8)	25,376,203
	25,810,401
Pour le conseil d'administration, Laurent Beaudoin, C.A. Jean-Paul Gagnon, C.A.	\$111,165,576
	\$ 77,246,010

BOMBARDIER LIMITÉE et ses filiales

ÉTAT CONSOLIDÉ DE PROVENANCE ET D'EMPLOI DU FONDS DE ROULEMENT

pour l'année terminée le 31 janvier 1971
(avec les chiffres comparatifs de 1970)

Provenance des fonds	1971	1970
Bénéfice net	\$ 16,008,873	\$ 16,822,274
Participation des actionnaires minoritaires dans le bénéfice des filiales	82,913	—
Amortissement des immobilisations et des brevets	6,978,203	3,832,618
Augmentation nette de la dette à long terme	1,656,905	155,078
Subvention gouvernementale	500,000	—
Augmentation de la provision pour allocations de départ et de prestations de retraite à des employés d'une filiale	157,617	—
Emission d'actions	—	18,000,000
Souscription de capital-actions d'une filiale par les actionnaires minoritaires	15,000	—
Billets à payer	—	5,577,000
Fonds de roulement de la filiale non consolidée au 31 janvier 1970	6,993,075	—
Fonds de roulement des nouvelles filiales à la date d'acquisition du contrôle	1,096,339	—
	<u>33,488,925</u>	<u>44,386,970</u>
Emploi des fonds		
Acquisitions nettes d'immobilisations	13,813,399	10,463,466
Achats de placements	169,398	31,045,811
Achats d'actions de filiales consolidées	4,367,009	—
Augmentation (diminution) des hypothèques et autres créances à recevoir	194,280	(10,009)
Remboursement des billets à payer	5,577,000	—
Dividendes	3,167,470	2,412,500
	<u>27,288,556</u>	<u>43,911,768</u>
Augmentation du fonds de roulement	6,200,369	475,202
Fonds de roulement au début de l'année	14,775,108	14,299,906
Fonds de roulement à la fin de l'année	<u>\$ 20,975,477</u>	<u>\$ 14,775,108</u>

BOMBARDIER LIMITEE et ses filiales

ÉTAT CONSOLIDÉ DES BÉNÉFICES NON RÉPARTIS pour l'année terminée le 31 janvier 1971 (avec les chiffres comparatifs de 1970)

	1971	1970
Solde au début de l'année	\$ 40,208,373	\$ 25,798,599
Part de la Compagnie dans les bénéfices non répartis de compagnies possédées à 50% à la date d'acquisition du contrôle	539,264	—
Bénéfice net	16,008,873	16,822,274
Surplus d'apport	500,000	—
Dividendes		
Actions ordinaires (Note 10)	3,040,000	2,412,500
Actions privilégiées d'une filiale	127,470	—
Solde à la fin de l'année	\$ 54,089,040	\$ 40,208,373

BOMBARDIER LIMITEE

et ses filiales

ÉTAT CONSOLIDÉ DES BÉNÉFICES

pour l'année terminée le 31 janvier 1971
(avec les chiffres comparatifs de 1970)

	1971	1970
Ventes nettes	\$164,924,863	\$141,784,229
Coût des ventes	93,001,335	85,251,659
Frais de vente et d'administration	25,062,117	16,123,469
Amortissement des immobilisations et des brevets	6,978,203	3,832,618
Intérêts sur la dette à long terme	154,336	—
Autres dépenses	2,642,301	890,927
127,838,292		106,098,673
Revenus de placements et autres	1,155,214	779,153
126,683,078		105,319,520
Bénéfice avant impôts sur le revenu, participation des actionnaires minoritaires et postes extraordinaires	38,241,785	36,464,709
Impôts sur le revenu	22,030,999	19,642,435
Participation des actionnaires minoritaires	82,913	—
Bénéfice net avant postes extraordinaires	16,127,873	16,822,274
Perte de change afférente à la conversion des comptes des filiales étrangères en fonds canadiens	(458,269)	—
Profit sur ventes d'immobilisations et de placements	339,269	—
Bénéfice net	\$ 16,008,873	\$ 16,822,274
Bénéfice net par action ordinaire	\$ 1.007	\$ 1.121*

* Sur 15,000,000 d'actions (sans tenir compte des 900,000 actions émises le 20 janvier 1970).

ÉTATS FINANCIERS
pour l'année terminée le 31 janvier 1971

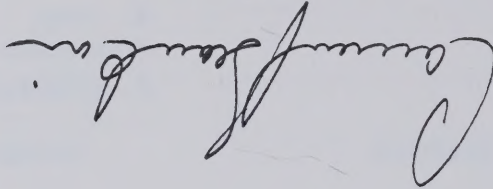
Aux actionnaires,

Il me fait plaisir de vous soumettre les états financiers consolidés de Bombardier Limitée et de ses filiales pour l'année terminée le 31 janvier 1971 ainsi que le rapport des vérificateurs, soit les états et le rapport auxquels référence est faite à l'avis de convocation ci-joint :

- (a) Etat des bénéfices;
- (b) Etat des bénéfices non répartis;
- (c) Etat de provenance et d'emploi du fonds de roulement;
- et
- (d) Bilan.

Le rapport annuel vous sera expédié par la poste vers la date de l'assemblée annuelle de la Compagnie.

Le président et directeur général,



Laurent Beaudoin

Valcourt, le 6 avril 1971.

